

**CITY OF SHOREVIEW  
AGENDA  
CITY COUNCIL WORKSHOP  
NOVEMBER 14, 2016  
7:00 P.M.**

1. ROLL CALL
2. DISCUSSION OF PROPOSED 2017 OPERATING BUDGET AND TAX  
LEVY
3. DISCUSSION OF PROPOSED PARENTAL LEAVE POLICY
4. GOVERNMENT ALLIANCE ON RACE AND EQUITY LEARNING  
COHORT
5. ADJOURNMENT

TO: Mayor and City Council

FROM: Terry C. Schwerm, City Manager  
Fred Espe, Finance Director

DATE: October 20, 2016

RE: 2017 Budget and Tax Levy

### Preliminary Property Tax Levy

The table below provides a comparison of the 2016 adopted levy, the 2017 levy as originally planned in the biennial budget, and the revised City Manager's recommended levy that was adopted by the City Council in September. When reviewing the areas impacting the total levy (as shown in the column at the far right-hand side of the table), the portion of the levy supporting City services (including the tax supported share of staff costs) causes a 2.82% increase in the tax levy. The remaining 1.10% increase in the levy is the result of debt, capital replacement funds, capital improvement funds, and the EDA. The increase in the General Fund share of the levy is due primarily to the increase in police and fire contract costs (\$180,400 expense increase for the two contracts combined). The police contract is increasing 6.0% due to cost of living and health insurance adjustments and an additional investigator position due to increased caseloads. The fire contract is increasing 3.7% due primarily to the addition of a full-time Deputy Chief position. General Fund wage and benefit adjustments for city employees make up \$53,292 of the proposed tax levy increase.

Description	2016 Adopted Levy	2017 Original Levy	2017 Recommended Levy	Change from 2016 Adopted to 2017 Recommended Levy		Impact on Total Levy *
				Dollars	Percent	
General fund	\$ 7,321,858	\$ 7,638,713	\$ 7,623,148	\$ 301,290	4.11%	2.82%
Unallocated	-	-	26,484	26,484	100.00%	0.25%
EDA	110,000	115,000	115,000	5,000	4.55%	0.05%
Debt (including Cent Garage)	731,000	733,000	731,000	-	0.00%	0.00%
Street Renewal fund	1,000,000	1,060,000	1,060,000	60,000	6.00%	0.56%
General Fixed Asset Repl fund	1,475,000	1,495,000	1,495,000	20,000	1.36%	0.19%
Capital Acquisition Fund (IT)	30,000	35,000	35,000	5,000	16.67%	0.05%
<b>Total City Levy</b>	<b>\$ 10,667,858</b>	<b>\$ 11,076,713</b>	<b>\$ 11,085,632</b>	<b>\$ 417,774</b>	<b>3.92%</b>	<b>3.92%</b>
HRA tax levy	\$ 100,000	105,000	\$ 105,000	5,000	5.00%	
Taxable value (estim for 2017)	\$ 27,549,119		\$ 29,564,480	\$ 2,015,361	7.32%	
City tax rate (estim for 2017)	35.357%		33.990%		-3.87%	
HRA tax rate (estim for 2017)	0.332%		0.322%		-3.01%	
Fiscal disparity (estim for 2017)	\$ 927,390		\$ 1,036,745	\$ 109,355	11.79%	
Net Tax paid by property owners	\$ 9,740,468		\$ 10,048,887	\$ 308,419	3.17%	
<b>Change in Tax Paid by Prop Owners</b>	<b>4.71%</b>		<b>3.17%</b>			

\* Percent change in this column is computed as the impact on the "Total City Levy"

The proposed 2017 preliminary tax levy that was adopted in September included an estimated 12% and 3.5% rate increase for health and dental insurance respectively, the actual rate increases are zero. This resulted in a reduction of the General Fund levy of \$26,484, and is shown as "Unallocated" in the above schedule.

A listing of specific items impacting the preliminary tax levy is as follows:

The first section of the box shows changes resulting from a reevaluation of all General Fund revenues to reflect current development activity, preliminary capital projects, transfers from the Cable TV fund for communication costs, and transfers from Utility funds. All revenue changes combined account for a .22% decrease in the total tax levy.

The second section of the box shows changes in General Fund expenditures. These items account for 3.04% increase in the total proposed tax levy.

The net impact of General Fund changes is a 2.82% increase in the total tax levy.

The Unallocated portion EDA, debt funds and capital funds account for a 1.10% increase in the tax levy (for a combined change in the City levy of 3.92%).

Note: (brackets) indicate a decrease in the tax levy	2017	
	Increase (Decrease)	% Impact on Total Levy
<b>General Fund Revenue Changes</b>		
License and permits	30,950	
MSA Maintenance	(2,000)	
Administrative charges to other funds	(18,800)	
Administrative charges to capital projects	10,000	
Engineering fees	(15,000)	
Plan check fees	5,000	
Earnings on investments	(5,000)	
Other revenues	(2,950)	
Transfer from Utility Funds (PILOT)	(26,000)	
<b>General Fund Revenue Changes</b>	<b>(23,800)</b>	<b>-0.22%</b>
<b>General Fund Expenditure Changes</b>		
Wages full time employees	73,774	
Wages full time employees - overtime	(2,900)	
Wages part-time employees regular	(26,831)	
Wages associate employees - regular	(13,821)	
PERA	10,145	
FICA	2,678	
Group insurance	5,637	
Workers' compensation	4,610	
Community survey	28,000	
Election	(24,500)	
Property/Liability insurance	2,950	
Police	126,300	
Fire	54,100	
Central Garage equipment/building charges	6,020	
Supplies	4,940	
Community Center building charge	9,100	
Postage	(3,000)	
Tree removal	8,749	
Traffic count studies	6,000	
Public Works - ADA transition plan	10,000	
Computer maintenance/support	21,169	
Misc. other adjustments	11,970	
Transfers out		
Community Center	8,000	
Recreation Programs	2,000	
<b>General Fund Expenditure Changes</b>	<b>325,090</b>	<b>3.04%</b>
<b>Total General Fund changes</b>	<b>301,290</b>	<b>2.82%</b>
<b>Levy Changes in All Other Funds</b>		
Unallocated	26,484	
EDA Levy	5,000	
Debt (Debt & Central Garage funds)	-	
Street Renewal fund	60,000	
General Fixed Asset fund	20,000	
Information Technology fund	5,000	
<b>Levy Changes in All Other Funds</b>	<b>116,484</b>	<b>1.10%</b>
<b>Total Change in City Levy</b>	<b>417,774</b>	<b>3.92%</b>
<b>HRA Levy</b>	<b>5,000</b>	<b>5.00%</b>
<b>Total Levy</b>	<b>422,774</b>	<b>3.93%</b>

Below is a brief listing of specific items having an impact on the 2017 tax levy:

- Revenue changes reflect slightly lower permit-related revenues, a slight increase in MSA maintenance revenue, increased administrative charges, higher engineering fees for capital projects and higher earnings on investments.
- Elimination of the Human Resources management assistant and Park and Recreation office tech part-time regular positions results in a \$34,412 impact on the levy.
- Wage costs include a 2.5% wage adjustment, a \$30 per month increase in the City contribution for health insurance, a \$30 increase to the family VEBA contribution, contributions to PERA and social security, as well as step increases for employees not yet at the regular rate of pay for their positions.
- Workers' compensation costs increased by \$4,610 due to rate changes.
- An allowance of \$28,000 is included for a community survey.
- Election costs are deleted for 2017.
- Property/liability insurance rates are increasing slightly in 2017.
- Police costs are increasing \$126,300 or 6.0% due to cost of living and health insurance adjustments and an additional investigator position due to increased caseloads.
- Fire service costs are increasing \$54,100 or 3.7%, due primarily to the addition of a full-time Deputy Chief position.
- Central garage charges paid by the General Fund are up due to equipment replacements.
- Office and cleaning supplies increased slightly.
- Community Center building charges increased due to the operation and maintenance of City Hall.
- Postage decreased slightly.
- Tree removal costs are up as a result of anticipated costs associated with the Emerald Ash Borer (EAB) disease.
- Public Works Administration and Engineering contractual fees are up as a result of costs associated with traffic counts and an ADA transition plan.
- Information system costs increased due to maintenance and support related to the new financial software.
- The impact of all other General Fund changes net to an \$11,970 increase.
- The EDA and HRA levies each increase \$5,000 to cover additional staff time dedicated to EDA, HRA and Economic Development Commission costs.
- Combined debt levies remain the same, for existing debt funds and maintenance center debt.

## Potential Levy Changes

The preliminary levy that was approved by the City Council on September 6 included an estimated increase for health and dental insurance of 12% and 3.5% respectively and a monthly increase in the maximum City contribution to employees health insurance of \$60. The City has received insurance rate renewals that include a 0% rate increase for 2017, and staff is now recommending that the City health contribution increase by \$30, and that the City VEBA contribution to employees that are on family coverage increase by \$30. This increase would result in the 2017 cost sharing percent for employees with family insurance coverage remaining the same as 2013 (City 64.9%, employee 35.1%). These favorable insurance rates have resulted in cost savings of \$26,484 in the general fund and \$39,575 to all other funds for a total savings of \$66,059.

Staff has prepared a few options for Council consideration regarding the tax levy as follows:

- Option #1 increase the capital levy in the General Fixed Asset Replacement fund. Increasing this capital levy would provide greater flexibility in this fund, and moderate future planned levy increases. The current projected fund balance in this fund based on the revised Capital Improvement Program at December 31, 2017 is \$10,548, an increase in the levy would result in a revised fund balance of \$37,032, which is still relatively low considering the risk of cost overruns. This option will result in a levy increase of 3.93% (remains unchanged from the adopted preliminary levy).
- Option #2 dedicate the cost savings related to health insurance to the repayment of possible future Community Center expansion debt. This would help to smooth out future tax levy increases related to the potential debt service.
- Option #3 Reduce the final levy by \$26,484, which would lower the levy increase to 3.68%.

The table below provides a comparison of the two options and their effect on the City's levy, tax rate and City tax on a median value home.

Description	2017			
	2016 Adopted Levy	Adopted Preliminary Levy	Option #1& #2	Option #3
General fund	\$ 7,321,858	\$ 7,649,632	\$ 7,623,148	\$ 7,623,148
EDA	110,000	115,000	115,000	115,000
Debt (including Cent Garage)	731,000	731,000	731,000	731,000
Street Renewal fund	1,000,000	1,060,000	1,060,000	1,060,000
General Fixed Asset Repl fund	1,475,000	1,495,000	1,521,484	1,495,000
Capital Acquisition Fund (IT)	30,000	35,000	35,000	35,000
<b>Total City Levy</b>	<b>\$10,667,858</b>	<b>\$11,085,632</b>	<b>\$ 11,085,632</b>	<b>\$ 11,059,148</b>
HRA tax levy	\$ 100,000	\$ 105,000	\$ 105,000	\$ 105,000
<b>Total Levy (City and HRA)</b>	<b>\$10,767,858</b>	<b>\$11,190,632</b>	<b>\$ 11,190,632</b>	<b>11,164,148</b>
Change in Levy (City and HRA)	3.91%	3.93%	3.93%	3.68%
Taxable value (estim for 2017)	\$27,549,119	\$29,564,480	\$ 29,564,480	\$ 29,564,480
City tax rate (estim for 2017)	35.357%	33.990%	33.990%	33.900%
HRA tax rate (estim for 2017)	0.332%	0.322%	0.322%	0.322%
Fiscal disparity City (estim for 2017)	\$ 927,390	\$ 1,036,745	\$ 1,036,745	\$ 1,036,745
Net tax paid by property owners	\$ 9,740,468	\$10,048,887	\$ 10,048,887	\$ 10,022,403
% Change in Tax Paid by Prop Owners	4.71%	3.17%	3.17%	2.89%
City tax on median value home	\$ 846.45	\$ 863.69	\$ 863.69	\$ 861.40

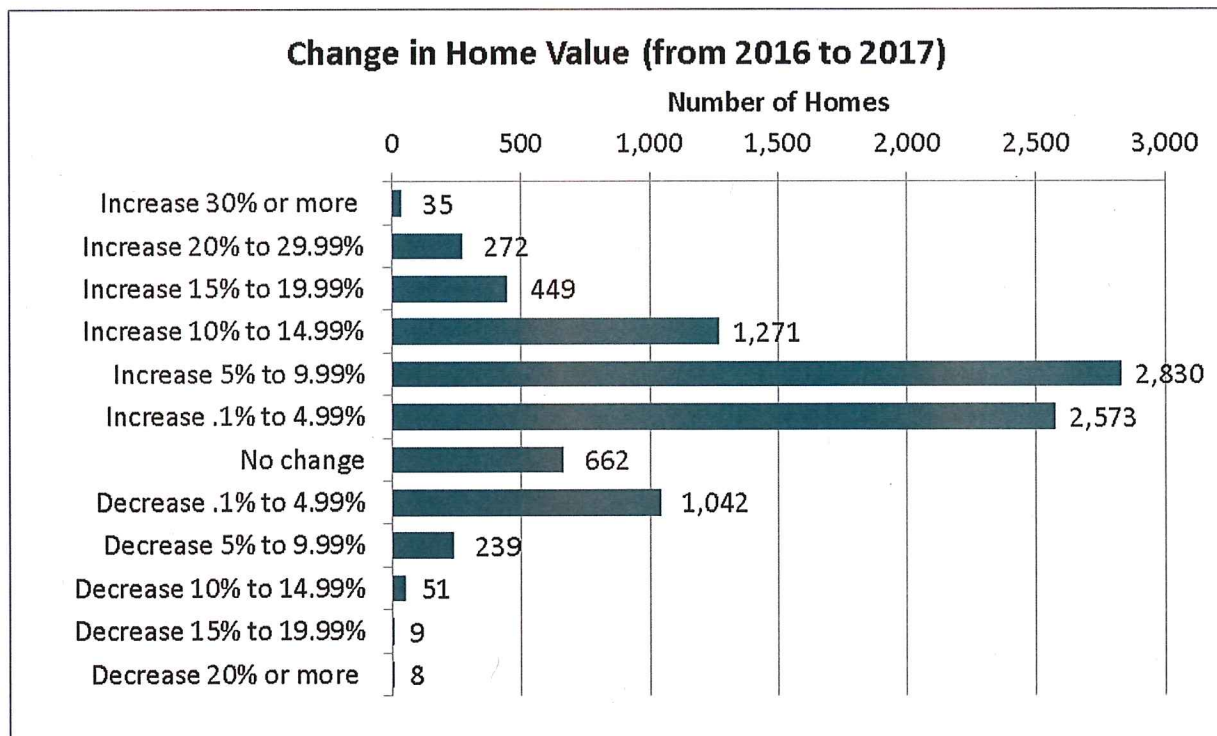
## Residential Property Values

According to information provided by the Ramsey County Assessor, the median single-family home value in Shoreview will increase from \$253,800 for 2016 taxes, to \$267,300 for 2017 taxes (a 5.3% increase in value). The table at right shows the change in Shoreview's median single family home value since 2008.

Year	Median Home Value	Annual Percent Change
2008	\$286,600	2.4%
2009	275,600	-3.8%
2010	262,200	-4.9%
2011	249,350	-4.9%
2012	235,700	-5.5%
2013	222,200	-5.7%
2014	224,500	1.0%
2015	247,500	10.2%
2016	253,800	2.5%
2017	267,300	5.3%

Change in home values (all residential)	Number of Parcels	Percent of Parcels	Sub-totals	
			Number of Parcels	Percent of Parcels
Increase 30% or more	35	0.37%		
Increase 20% to 29.99%	272	2.88%		
Increase 15% to 19.99%	449	4.76%		
Increase 10% to 14.99%	1,271	13.46%		
Increase 5% to 9.99%	2,830	29.98%		
Increase .1% to 4.99%	2,573	27.25%	7,430	78.70%
No change	662	7.01%	662	7.01%
Decrease .1% to 4.99%	1,042	11.04%		
Decrease 5% to 9.99%	239	2.53%		
Decrease 10% to 14.99%	51	0.54%		
Decrease 15% to 19.99%	9	0.10%		
Decrease 20% or more	8	0.08%	1,349	14.29%
Total Residential Parcels	9,441	100.00%	9,441	100.00%

As shown in the table to the left and the graph below, 7,430 homes experienced an increase in value, 662 home values remained the same, and 1,349 home values decreased.



## Impact on Residential Property Taxes

The table below provides estimated changes in the City and HRA share of the property tax bill (using the assumptions on page 1 of this report) for a median value home. No information is available yet about the tax levies of other jurisdictions. To put this table into perspective, Shoreview is typically between 20% and 25% of the total tax bill. A description of the change in tax for a median home under each assumption follows the table.

Market Value				City Portion of Property Tax		Change in City Property Tax		HRA Portion of Property Tax		Change in HRA Property Tax	
Before MVE		Value Change									
		Before MVE	After MVE								
2016	2017			2016	2017	Dollars	Percent	2016	2017	Dollars	Percent
\$ 232,400	\$ 267,300	15.0%	17.6%	\$ 764.06	\$ 863.69	\$ 99.63	13.0%	\$ 7.17	\$ 8.18	\$ 1.01	14.1%
\$ 243,000	\$ 267,300	10.0%	11.6%	\$ 804.73	\$ 863.69	\$ 58.96	7.3%	\$ 7.56	\$ 8.18	\$ 0.62	8.2%
\$ 253,800	\$ 267,300	5.3%	6.1%	\$ 846.45	\$ 863.69	\$ 17.24	2.0%	\$ 7.95	\$ 8.18	\$ 0.23	2.9%
\$ 281,400	\$ 267,300	-5.0%	-5.7%	\$ 952.87	\$ 863.69	\$ (89.18)	-9.4%	\$ 8.95	\$ 8.18	\$ (0.77)	-8.6%
\$ 297,000	\$ 267,300	-10.0%	-11.3%	\$ 1,012.98	\$ 863.69	\$ (149.29)	-14.7%	\$ 9.51	\$ 8.18	\$ (1.33)	-14.0%

- 15% increase in value – City taxes increase \$99.63 and HRA taxes increase \$1.01 for the year
- 10% increase in value – City taxes increase \$58.96 and HRA taxes increase .62-cents for the year
- 5.3% increase in value – City taxes increase \$17.24 and HRA taxes increase .23-cents for the year
- 5% decrease in value – City taxes decrease \$89.18 and HRA taxes decrease .77-cents for the year
- 10% decrease in value – City taxes decrease \$149.29 and HRA taxes decrease \$1.33 for the year

The next table provides the estimated change in the City share of the tax bill for home values ranging from \$100,000 to \$900,000, assuming a 5.3 percent increase in value. If everything else remains the same, the change in Shoreview's share of the property tax bill ranges from a 4.1 percent increase for a home valued at \$100,000, to a 1.2 percent increase for a home valued at \$500,000.

Market Value				City Portion of Property Tax		Change in City Property Tax		HRA Portion of Property Tax		Change in HRA Property Tax	
Before MVE		Value Change									
2016	2017	Before MVE	After MVE	2016	2017	Dollars	Percent	2016	2017	Dollars	Percent
\$ 95,000	\$ 100,000	5.3%	8.3%	\$ 234.42	\$ 244.05	\$ 9.63	4.1%	\$ 2.20	\$ 2.31	\$ 0.11	5.0%
\$ 142,500	\$ 150,000	5.3%	6.9%	\$ 417.57	\$ 429.29	\$ 11.72	2.8%	\$ 3.92	\$ 4.07	\$ 0.15	3.8%
\$ 190,000	\$ 200,000	5.3%	6.4%	\$ 600.72	\$ 614.54	\$ 13.82	2.3%	\$ 5.64	\$ 5.82	\$ 0.18	3.2%
\$ 253,800	\$ 267,300	5.3%	6.1%	\$ 846.45	\$ 863.69	\$ 17.24	2.0%	\$ 7.95	\$ 8.18	\$ 0.23	2.9%
\$ 285,000	\$ 300,000	5.3%	6.0%	\$ 966.66	\$ 985.03	\$ 18.37	1.9%	\$ 9.08	\$ 9.33	\$ 0.25	2.8%
\$ 380,000	\$ 400,000	5.3%	5.8%	\$ 1,332.96	\$ 1,355.52	\$ 22.56	1.7%	\$ 12.52	\$ 12.84	\$ 0.32	2.6%
\$ 475,000	\$ 500,000	5.3%	5.3%	\$ 1,679.46	\$ 1,699.50	\$ 20.04	1.2%	\$ 15.77	\$ 16.10	\$ 0.33	2.1%
\$ 570,000	\$ 600,000	5.3%	5.3%	\$ 2,077.22	\$ 2,124.38	\$ 47.16	2.3%	\$ 19.51	\$ 20.13	\$ 0.62	3.2%
\$ 665,000	\$ 700,000	5.3%	5.3%	\$ 2,497.26	\$ 2,549.25	\$ 51.99	2.1%	\$ 23.45	\$ 24.15	\$ 0.70	3.0%
\$ 855,000	\$ 900,000	5.3%	5.3%	\$ 3,336.99	\$ 3,399.00	\$ 62.01	1.9%	\$ 31.33	\$ 32.20	\$ 0.87	2.8%



## Operating Budget

The 2017 budget is the second year of the biennial budget. This means that the City will formally amend the second year of the biennial budget and no new formal budget document will be prepared. Instead, the City Council will authorize amendments to the budget and CIP, and will pass resolutions setting the funding level and documenting the changes. This section of the memo provides a summary of budget changes for each operating fund, along with general discussion about the changes to each budget. The following schedules assume a 2.5% COLA increase, a \$30 increase in the City contribution to health insurance and a \$30 increase to the family VEBA contribution.

General Fund revenue changes include modifications to license and permit revenue, changes to intergovernmental revenue due to street maintenance aid and a decrease in engineering charges. A significant portion of expense reductions are related to health insurance savings. The majority of the public safety increase relates to the police contract (see previous comments).

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Original Budget	Budget Changes	Amended Budget
<b>General Fund</b>						
Revenue						
Property Taxes	\$ 7,008,972	\$ 7,321,858	\$ 7,321,858	\$ 7,638,713	\$ (15,565)	7,623,148
Licenses and Permits	500,102	354,000	515,250	317,700	5,350	323,050
Intergovernmental	541,105	480,622	482,622	480,622	2,000	482,622
Charges for Services	1,400,266	1,224,520	1,414,720	1,252,000	(5,930)	1,246,070
Fines and Forfeits	52,581	42,500	42,500	42,500	-	42,500
Interest Earnings	54,212	50,000	50,000	55,000	-	55,000
Other Revenues	30,077	25,450	22,309	25,650	-	25,650
Total Revenue	9,587,315	9,498,950	9,849,259	9,812,185	(14,145)	9,798,040
Expense						
General Government	\$ 2,128,723	\$ 2,353,929	\$ 2,357,022	\$ 2,394,470	\$ (56,982)	\$ 2,337,488
Public Safety	3,461,565	3,570,920	3,570,920	3,691,870	59,500	3,751,370
Public Works	1,418,473	1,559,750	1,547,441	1,597,377	4,465	1,601,842
Parks and Recreation	1,734,769	1,781,505	1,772,439	1,892,649	(13,216)	1,879,433
Community Development	614,329	645,846	667,270	664,819	(7,912)	656,907
Total Expense	9,357,859	\$ 9,911,950	\$ 9,915,092	\$ 10,241,185	\$ (14,145)	\$ 10,227,040
Other Sources (Uses)						
Transfers In	748,000	811,000	811,000	837,000	-	837,000
Transfers Out	(797,730)	(398,000)	(398,000)	(408,000)	-	(408,000)
Net Increase (Decrease)	179,726	-	347,167	-	-	-
Fund Equity, beginning	4,447,398	4,257,497	4,627,124	4,974,291		4,974,291
Fund Equity, ending	\$ 4,627,124	\$ 4,257,497	\$ 4,974,291	\$ 4,974,291		\$ 4,974,291



Recycling Fund revenue changes are the result of increases to County grants and local governmental aid from spring and fall clean-up events. Charges for services were reduced due to the elimination of the recycling fee increase in 2017. Expenditure changes are a result of lower administrative charges.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Recycling Fund</b>						
Revenue						
Intergovernmental	\$ 83,913	\$ 75,469	\$ 77,469	\$ 69,000	\$ 10,762	79,762
Charges for Services	520,695	536,500	538,500	547,500	(7,000)	540,500
Interest Earnings	2,766	-	-	-	-	-
Total Revenue	607,374	611,969	615,969	616,500	3,762	620,262
Expense						
Public Works	\$ 521,266	\$ 566,151	\$ 566,461	\$ 583,939	\$ (885)	\$ 583,054
Net Increase (Decrease)	86,108	45,818	49,508	32,561	4,647	37,208
Fund Equity, beginning	266,654	352,762	352,762	402,270		402,270
Fund Equity, ending	\$ 352,762	\$ 398,580	\$ 402,270	\$ 434,831		\$ 439,478

Community Center Fund revenue changes include an increase in building charges to the General Fund. Expenditure changes include reduced personal costs relating to health insurance and wage changes and an increase in capital outlay related to fitness equipment purchases. Prior to 2017 the City leased certain Community Center fitness equipment, in 2016 staff reevaluated this funding strategy and determined that leasing equipment was no longer beneficial to the City. The 2016 fund equity is anticipated to increase by more than \$160,000.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Community Center Fund</b>						
Revenue						
Charges for Services	\$ 2,410,658	\$ 2,468,215	\$ 2,474,915	\$ 2,518,300	\$ 6,400	\$ 2,524,700
Interest Earnings	18,953	5,000	5,000	6,000	-	6,000
Other Revenues	12,063	12,500	12,500	12,500	-	12,500
Total Revenue	2,441,674	2,485,715	2,492,415	2,536,800	6,400	2,543,200
Expense						
Parks and Recreation	2,694,278	2,733,905	2,715,963	2,786,944	22,664	2,809,608
Other Sources (Uses)						
Transfers In	366,000	384,000	384,000	402,000	-	402,000
Transfers Out	-	-	-	(200,000)	-	(200,000)
Net Increase (Decrease)	113,396	135,810	160,452	(48,144)	(16,264)	(64,408)
Fund Equity, beginning	1,193,542	1,306,938	1,306,938	1,467,390		1,467,390
Fund Equity, ending	\$ 1,306,938	\$ 1,442,748	\$ 1,467,390	\$ 1,419,246		\$ 1,402,982

Recreation Programs Fund changes include reduced revenue estimates for the Summer Discovery program. Expense changes include personal costs (health insurance, full-time, part-time and associate wage changes).

		2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
2015 Actual						
Recreation Programs Fund						
Revenue						
Charges for Services	\$ 1,446,360	\$ 1,500,041	\$ 1,425,041	\$ 1,543,711	\$ (70,000)	\$ 1,473,711
Interest Earnings	13,214	2,000	2,000	2,500	-	2,500
Other Revenues	1,606	-	-	-	-	-
Total Revenue	1,461,180	1,502,041	1,427,041	1,546,211	(70,000)	1,476,211
Expense						
Parks and Recreation	\$ 1,388,825	\$ 1,481,881	\$ 1,483,789	\$ 1,457,160	\$ 7,398	\$ 1,464,558
Other Sources (Uses)						
Transfers In	72,000	84,000	84,000	86,000	-	86,000
Transfers Out	(120,000)	(130,000)	(130,000)	(340,000)	-	(340,000)
Net Increase (Decrease)	24,355	(25,840)	(102,748)	(164,949)	(77,398)	(242,347)
Fund Equity, beginning	971,782	996,137	996,137	893,389		893,389
Fund Equity, ending	\$ 996,137	\$ 970,297	\$ 893,389	\$ 728,440		\$ 651,042

Cable Television Fund changes are the result of increased costs related to maintenance and redesign of the City's website and reductions in personal costs.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Cable Television Fund</b>						
Revenue						
Charges for Services	\$ 604,810	\$ 435,000	\$ 435,000	\$ 435,000	\$ -	\$ 435,000
Interest Earnings	3,840	1,700	1,700	1,800	-	1,800
Other Revenues	23,061	1,200	1,200	1,200	-	1,200
Total Revenue	631,711	437,900	437,900	438,000	-	438,000
Expense						
General Government	\$ 188,690	\$ 220,183	\$ 240,578	\$ 120,623	\$ 30,356	\$ 150,979
Other Sources (Uses)						
Transfers Out	(167,000)	(200,000)	(200,000)	(200,000)	-	(200,000)
Net Increase (Decrease)	276,021	17,717	(2,678)	117,377	(30,356)	87,021
Fund Equity, beginning	192,159	468,180	468,180	465,502		465,502
Fund Equity, ending	\$ 468,180	\$ 485,897	\$ 465,502	\$ 582,879		\$ 552,523

The EDA Fund changes include increases in personal and contractual service costs.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>EDA Fund</b>						
Revenue						
Property Taxes	\$ 89,517	\$ 110,000	\$ 110,000	\$ 115,000	\$ -	\$ 115,000
Interest Earnings	2,449	-	-	-	-	-
Total Revenue	91,966	110,000	110,000	115,000	-	115,000
Expense						
Community Development	\$ 97,443	\$ 107,013	\$ 108,710	\$ 109,526	\$ 1,416	\$ 110,942
Net Increase (Decrease)	(5,477)	2,987	1,290	5,474	(1,416)	4,058
Fund Equity, beginning	209,176	203,699	203,699	204,989		204,989
Fund Equity, ending	\$ 203,699	\$ 206,686	\$ 204,989	\$ 210,463		\$ 209,047

HRA Fund changes include increases in personal costs.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>HRA Fund</b>						
Revenue						
Property Taxes	\$ 94,525	\$ 100,000	\$ 100,000	\$ 105,000	\$ -	\$ 105,000
Interest Earnings	921	-	-	-	-	-
Total Revenue	95,446	100,000	100,000	105,000	-	105,000
Expense						
Community Development	\$ 80,209	\$ 92,907	\$ 93,606	\$ 96,846	\$ 396	\$ 97,242
Net Increase (Decrease)	15,237	7,093	6,394	8,154	(396)	7,758
Fund Equity, beginning	87,943	103,180	103,180	109,574		109,574
Fund Equity, ending	\$ 103,180	\$ 110,273	\$ 109,574	\$ 117,728		\$ 117,332

The Slice of Shoreview Fund budget has no proposed changes for 2017.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Slice of Shoreview Fund</b>						
Revenue						
Charges for Services	\$ 27,535	\$ 27,000	\$ 27,000	\$ 27,570	\$ -	\$ 27,570
Interest Earnings	1,077	-	-	-	-	-
Other Revenues	34,050	32,000	32,000	32,000	-	32,000
Total Revenue	62,662	59,000	59,000	59,570	-	59,570
Expense						
General Government	\$ 67,608	\$ 67,900	\$ 67,900	\$ 68,370	\$ -	\$ 68,370
Other Sources (Uses)						
Transfers In	10,000	10,000	10,000	10,000	-	10,000
Net Increase (Decrease)	5,054	1,100	1,100	1,200	-	1,200
Fund Equity, beginning	76,351	81,405	81,405	82,505		82,505
Fund Equity, ending	\$ 81,405	\$ 82,505	\$ 82,505	\$ 83,705		\$ 83,705

The Debt Service Fund changes are a result of tax levy reductions and special assessment reductions due to assessment prepayments.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Debt Service Funds</b>						
Revenue						
Property Taxes	\$ 541,270	\$ 547,000	\$ 547,000	\$ 549,000	\$ (2,000)	\$ 547,000
Special Assessments	270,575	203,008	199,249	203,595	(1,476)	202,119
Intergovernmental	580	-	-	-	-	-
Interest Earnings	30,815	16,600	16,600	17,190	-	17,190
Total Revenue	843,240	766,608	762,849	769,785	(3,476)	766,309
Expense						
Debt Service	\$ 1,600,539	\$ 1,303,301	\$ 1,303,301	\$ 1,258,476	\$ -	\$ 1,258,476
Other Sources (Uses)						
Debt Proceeds	9,493	-	-	7,700	-	7,700
Debt Refunded	(1,490,000)	-	-	-	-	-
Transfers In	818,122	459,745	459,559	455,000	-	455,000
Transfers Out	(50,000)	(54,745)	(54,559)	(50,000)	-	(50,000)
Net Increase (Decrease)	(1,469,684)	(131,693)	(135,452)	(75,991)	(3,476)	(79,467)
Fund Equity, beginning	4,297,747	2,828,063	2,828,063	2,692,611		2,692,611
Fund Equity, ending	\$ 2,828,063	\$ 2,696,370	\$ 2,692,611	\$ 2,616,620		\$ 2,613,144

Central Garage Fund changes to expenses include reductions of personal costs, motor fuel and equipment parts, and increases to contractual services and higher transfers to the Capital Acquisition/IS fund to cover planned computer/technology capital costs.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Central Garage Fund</b>						
Revenue						
Property Taxes	\$ 207,265	\$ 184,000	\$ 184,000	\$ 184,000	\$ -	\$ 184,000
Intergovernmental	6,413					-
Central Garage Charges	1,264,028	1,281,150	1,281,150	1,338,660	-	1,338,660
Interest Earnings	16,398	10,500	10,500	11,500	-	11,500
Other Revenues	4,985	-	-	-	-	-
Total Revenue	1,499,089	1,475,650	1,475,650	1,534,160	-	1,534,160
Expense						
Central Garage Operations	577,415	638,373	590,089	651,523	(37,053)	614,470
Debt Service	133,659	110,635	110,635	105,502	-	105,502
Depreciation	655,763	663,000	663,000	690,000	-	690,000
Total Expense	1,366,837	1,412,008	1,363,724	1,447,025	(37,053)	1,409,972
Other Sources (Uses)						
Sale of Asset-Gain	44,577	32,000	32,000	43,000	-	43,000
Transfers In	119,400	119,400	119,400	119,400	-	119,400
Transfers Out	-	(15,000)	(1,000)	-	(14,000)	(14,000)
Net Increase (Decrease)	296,229	200,042	262,326	249,535	23,053	272,588
Fund Equity, beginning	4,197,741	4,493,970	4,493,970	4,756,296		4,756,296
Fund Equity, ending	\$ 4,493,970	\$ 4,694,012	\$ 4,756,296	\$ 5,005,831		\$ 5,028,884
Note: Excludes contributed assets						

The Short-term Disability Fund budget has no proposed changes for 2017.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Short-term Disability Fund</b>						
Revenue						
Charges for Services (misc)	\$ 7,820	\$ 7,500	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
Interest Earnings	533	500	500	550	-	550
Total Revenue	8,353	8,000	8,000	8,050	-	8,050
Expense						
Miscellaneous	10,281	9,000	9,000	9,000	-	9,000
Total Expense	10,281	9,000	9,000	9,000	-	9,000
Net Increase (Decrease)	(1,928)	(1,000)	(1,000)	(950)	-	(950)
Fund Equity, beginning	41,948	40,020	40,020	39,020		39,020
Fund Equity, ending	\$ 40,020	\$ 39,020	\$ 39,020	\$ 38,070		\$ 38,070

The Liability Claims Fund budget has no proposed changes for 2017.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Liability Claims Fund</b>						
Revenue						
Interest Earnings	\$ 2,522	\$ 2,200	\$ 2,200	\$ 2,300	\$ -	\$ 2,300
Other Revenues	54,388	30,000	30,000	30,000	-	30,000
Total Revenue	56,910	32,200	32,200	32,300	-	32,300
Expense						
Miscellaneous	51,949	32,000	32,000	32,000	-	32,000
Total Expense	51,949	32,000	32,000	32,000	-	32,000
Net Increase (Decrease)	4,961	200	200	300	-	300
Fund Equity, beginning	207,885	212,846	212,846	213,046		213,046
Fund Equity, ending	\$ 212,846	\$ 213,046	\$ 213,046	\$ 213,346		\$ 213,346

Water Fund changes include a slight revision to the allocation of gallons per tier, a 12% water rate increase for 2017 (changed from the planned 8% increase in the five-year operating plan), slightly lower personal costs, higher chemical costs due to an input error in the original 2017 budget (\$45,000), increased contractual costs due to general consultant fees and costs associated with the new financial software (\$57,200), slightly higher debt service interest costs, and higher transfers to the Capital Acquisition/IS fund to cover planned computer/technology capital costs.

Expenditure budget revisions result in a \$96,873 reduction in fund balance from what was planned in the FYOP. The 12% rate increase is projected to raise an additional \$125,000 of revenue and would generate a net increase to fund balance of \$347,773. Due to lower irrigation usage for the past several summers the City has not met its revenue projections. In order to maintain the goals established in the FYOP staff is recommending an amended rate increase of 12% due to lower revenues in prior years and expenditure amendments to the 2017 budget.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Water Fund</b>						
Revenue						
Special Assessments	\$ 2,080	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	973	-	-	-	-	-
Charges for Services (utility chgs)	2,587,180	3,218,500	2,863,500	3,477,000	125,000	3,602,000
Interest Earnings	48,877	38,000	38,000	42,000	-	42,000
Total Revenue	2,639,110	3,256,500	2,901,500	3,519,000	125,000	3,644,000
Expense						
Enterprise Operations	1,430,934	1,581,485	1,573,450	1,569,265	93,605	1,662,870
Debt Service	301,702	307,431	465,047	437,926	3,268	441,194
Depreciation	647,552	669,000	669,000	799,000	-	799,000
Total Expense	2,380,188	2,557,916	2,707,497	2,806,191	96,873	2,903,064
Other Sources (Uses)						
Transfers Out	(345,249)	(363,000)	(369,137)	(376,400)	(16,763)	(393,163)
Net Increase (Decrease)	(86,327)	335,584	(175,134)	336,409	11,364	347,773
Note: Excludes contributed assets						

Sewer Fund changes include a 3% sewer rate increase for 2017 (unchanged from the original rate in the five-year operating plan), slightly lower personal costs, net increases in contractual costs due to costs associated with the new financial software and lower administrative charges, slightly higher debt service interest costs, and higher transfers to the Capital Acquisition/IS fund to cover planned computer/technology capital costs.

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Sewer Fund</b>						
Revenue						
Special Assessments	\$ 2,970	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	775	-	-	-	-	-
Charges for Services (misc)	919	1,500	1,500	1,500	-	1,500
Charges for Services (utility chgs)	3,941,395	4,057,500	4,030,500	4,179,500	-	4,179,500
Interest Earnings	35,796	27,000	27,000	30,000	-	30,000
Total Revenue	3,981,855	4,086,000	4,059,000	4,211,000	-	4,211,000
Expense						
Enterprise Operations	3,191,670	3,359,142	3,357,775	3,497,181	(344)	3,496,837
Debt Service	73,480	78,764	83,372	75,469	135	75,604
Depreciation	339,842	354,000	354,000	348,000	-	348,000
Total Expense	3,604,992	3,791,906	3,795,147	3,920,650	(209)	3,920,441
Other Sources (Uses)						
Transfers Out	(181,249)	(183,000)	(189,137)	(190,400)	(16,763)	(207,163)
Net Increase (Decrease)	195,614	111,094	74,716	99,950	(16,554)	83,396
Note: Excludes contributed assets						

Surface Water Fund changes include slightly higher utility charges (due to development), and contractual services, administrative charges and debt service interest costs. The planned 10% increase in surface water rates for 2017 is unchanged

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b>Surface Water Fund</b>						
Revenue						
Special Assessments	\$ 676	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	282	-	-	-	-	-
Charges for Services (utility chgs)	1,473,809	1,598,003	1,616,267	1,751,538	4,973	1,756,511
Interest Earnings	10,352	9,000	9,000	10,000	-	10,000
Total Revenue	1,485,119	1,607,003	1,625,267	1,761,538	4,973	1,766,511
Expense						
Enterprise Operations	752,030	969,519	969,987	947,460	16,229	963,689
Debt Service	88,186	82,239	89,865	79,061	256	79,317
Depreciation	260,585	269,000	269,000	277,000	-	277,000
Total Expense	1,100,801	1,320,758	1,328,852	1,303,521	16,485	1,320,006
Other Sources (Uses)						
Transfers Out	(152,000)	(159,000)	(159,000)	(168,000)	-	(168,000)
Net Increase (Decrease)	232,318	127,245	137,415	290,017	(11,512)	278,505
Note: Excludes contributed assets						



Street Lighting Fund changes include higher utility charges (due to development) and decreased personal costs. The planned 15% increase in street lighting rates for 2017 is unchanged

	2015 Actual	2016		2017		
		Budget	Revised Estimate	Budget	Budget Changes	Amended Budget
<b><u>Street Lighting Fund</u></b>						
Revenue						
Special Assessments	\$ 246	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services (utility chgs)	520,938	551,000	554,000	634,000	3,000	637,000
Interest Earnings	3,300	2,500	2,500	2,700	-	2,700
Total Revenue	524,484	553,500	556,500	636,700	3,000	639,700
Expense						
Enterprise Operations	244,207	279,118	278,885	287,637	(6,818)	280,819
Depreciation	61,482	69,000	69,000	75,000	-	75,000
Total Expense	305,689	348,118	347,885	362,637	(6,818)	355,819
Other Sources (Uses)						
Sale of Asset-Gain (Loss)	(33)	-	-	-	-	-
Transfers Out	(22,400)	(25,400)	(25,400)	(28,400)	-	(28,400)
Net Increase (Decrease)	196,362	179,982	183,215	245,663	9,818	255,481
Note: Excludes contributed assets						

### Utility Rates

The change in the total utility bill will vary based on the amount of water used by each customer, and by the type of customer. To put the rate change into perspective, two tables are presented to estimate the change on residential customers at various water usage levels.

For the average residential customer (using an average of 15,000 gallons of water per quarter, and 12,000 gallons in the winter) the total utility bill will increase \$12.74 per quarter. The majority of the increase is for water charges.

Average User			
	2016	2017	Change
Water	\$ 49.43	\$ 55.34	\$ 5.91
Sewer	87.65	90.28	2.63
Surface water	25.73	28.30	2.57
Street lighting	10.85	12.48	1.63
State fee	1.59	1.59	-
Total	\$ 175.25	\$ 187.99	\$ 12.74

The next table shows the change in the utility bill for residential customers at 6 different usage levels. Customers with the lowest usage receive a smallest increase. The second column of the table shows the percentage of residential customers that fall within each usage level.

Use Level	% of Homes	Water Gallons	Sewer Gallons	Total Quarterly Utility Bill		Quarterly Change	
				2016	2017	\$	
Very low	13%	5,000	4,000	\$ 120.64	\$ 129.42	\$ 8.78	7.3%
Low	27%	10,000	10,000	\$ 144.12	\$ 154.57	\$ 10.45	7.3%
Average	40%	15,000	12,000	\$ 175.25	\$ 187.99	\$ 12.74	7.3%
Above avg	16%	25,000	22,000	\$ 221.99	\$ 238.83	\$ 16.84	7.6%
High	2%	55,000	26,000	\$ 360.79	\$ 394.18	\$ 33.39	9.3%
Very high	2%	80,000	34,000	\$ 503.34	\$ 552.04	\$ 48.70	9.7%

As stated earlier in this report staff is recommending an increase of 12% to the water rate, the 2016/2017 biennial operating budget had previously recommended an 8% increase. The following table will compare utility bills at an 8% and 12% water rate increase.

Use Level	% of Homes	Water Gallons	Sewer Gallons	Total Quarterly Utility Bill		Quarterly Change
				8%	12%	\$
Very low	13%	5,000	4,000	\$ 128.50	\$ 129.42	\$ 0.92
Low	27%	10,000	10,000	\$ 153.20	\$ 154.57	\$ 1.37
Average	40%	15,000	12,000	\$ 186.02	\$ 187.99	\$ 1.97
Above avg	16%	25,000	22,000	\$ 235.66	\$ 238.83	\$ 3.17
High	2%	55,000	26,000	\$ 385.66	\$ 394.18	\$ 8.52
Very high	2%	80,000	34,000	\$ 538.77	\$ 552.04	\$ 13.27

A rate increase to 12% will result in an additional quarterly charge ranging from 92 cents for a very low customer to \$13.27 for a very high customer.

### **Benchmarks Booklet**

An updated version of the Community Benchmarks booklet is provided for Council review and feedback.

### **Summary**

The proposed budget is consistent with Council direction received prior to adoption of the preliminary tax levy. Staff is seeking feedback from the City Council on the budget and proposed tax levy before designing the budget hearing presentation and completing budget handout materials.



## *Community Benchmarks*

*How does Shoreview compare?*

August 2016

City of Shoreview, Minnesota  
4600 Victoria Street North  
Shoreview, MN 55126

## Introduction

Comparisons of taxes and spending among cities are a topic of interest as the City moves through the annual budget process. Benchmark comparisons are assembled for metro-area cities closest to Shoreview in size (using population levels), and for peer cities that generally receive high quality-of-life ratings from citizens in their respective community surveys.

The comparisons are useful to illustrate how taxes and spending in other cities compare to Shoreview, as well as to evaluate how Shoreview's ranking changes over time. This document provides a summary of the information in preparation for the annual budget hearing.

Statistical information is derived from two key sources:

1. League of Minnesota Cities (LMC) publishes a report each fall on City property values, tax levies, tax rates and state aid for the current year. The most recent report provides 2016 data.
2. Minnesota Office of State Auditor (OSA) publishes a report in the spring on final City revenue, spending, debt levels and enterprise activity for two years prior. The most recent OSA report provides 2014 data.

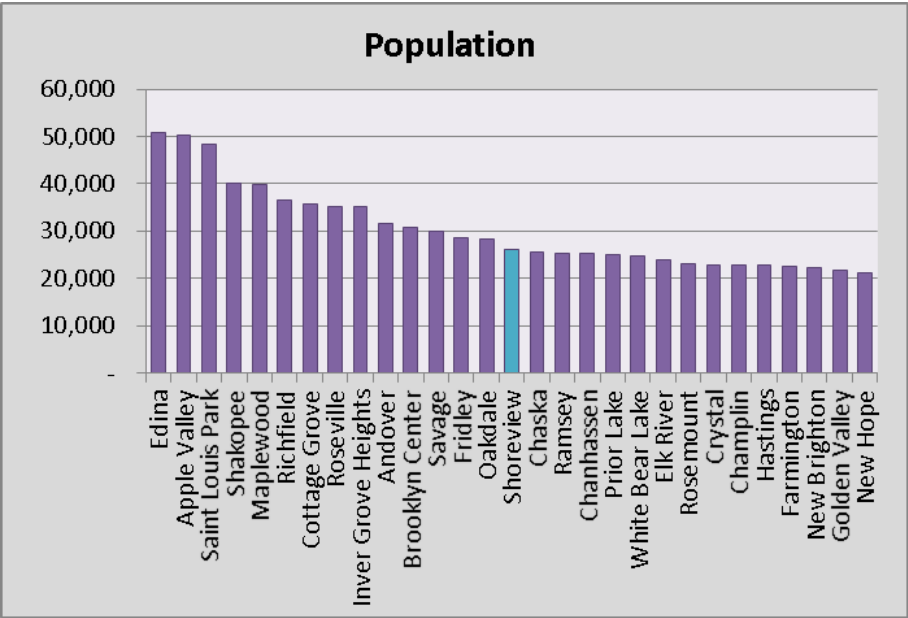
Shoreview uses both the LMC and OSA information to assemble two sets of data:

1. Comparison Cities - to illustrate how Shoreview ranks in relation to metro-area cities with population levels closest to Shoreview by selecting 14 cities larger and 14 cities smaller. These are cities with populations between 21,000 and 51,000.
2. MLC Cities - to illustrate how Shoreview ranks in relation to cities belonging to the Municipal Legislative Commission (MLC).

The 16 peer cities represented by the Municipal Legislative Commission (MLC) provide important comparisons because these cities have achieved high quality-of-life rankings from their residents in their respective community surveys, and they are often recognized as having sound financial management. In fact, many of the 16 cities have AAA bond ratings, as does Shoreview.

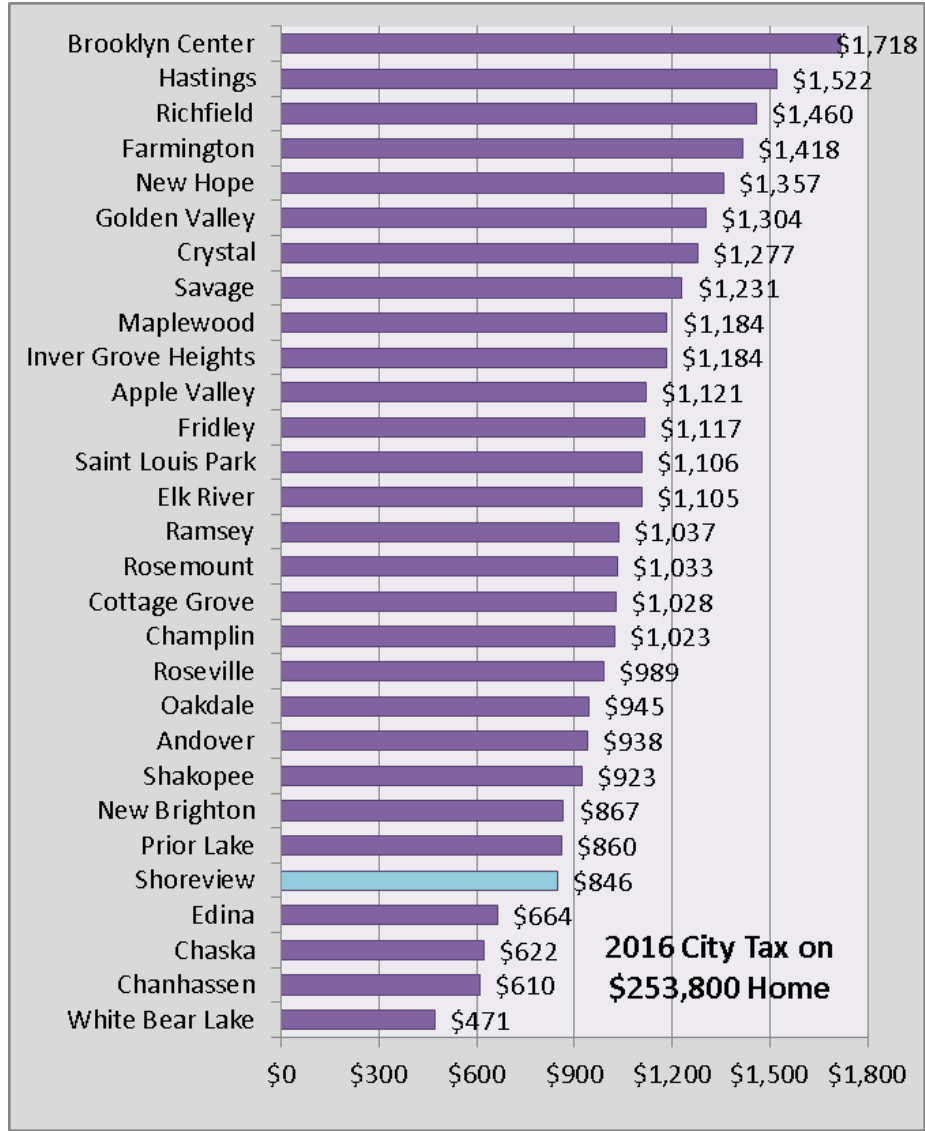
### Population

The graph below contains the 2015 population for each of the comparison cities. By design, Shoreview falls exactly in the middle. A similar graph with population levels for MLC cities is presented on page 13.



# City-Share of Property Taxes

The 2016 City-share of property taxes for a \$253,800 home (Shoreview's median value) is illustrated in the graph below. Shoreview ranks 5th lowest at \$846, and is about 21% below the average of \$1,068. It should be noted that for property tax purposes, the home value is reduced from \$253,800 to \$239,400 due to market value exclusion (MVE).



## Tax Levy Ranking

Shoreview's tax levy rank has risen three positions in the last 10 years in relation to comparison cities. For instance, in the year 2006 Shoreview ranked 21, and has risen 3 positions to rank 18 in 2016. Shoreview's tax levy was 29.4% below the average of comparison cities in 2006, compared to 24.2% below the average for 2016.

2006		
Rank	City	Levy
1	Minnetonka	\$22,879,357
2	Edina	20,222,564
3	St Louis Park	18,515,924
4	Apple Valley	18,187,190
5	Maplewood	13,405,260
6	Golden Valley	13,268,331
7	Inver Grove Heigh	12,427,714
8	Richfield	11,935,732
9	Savage	11,605,262
10	Cottage Grove	11,149,871
11	Shakopee	10,680,941
12	Brooklyn Center	10,613,108
13	Roseville	10,295,178
14	Hastings	9,673,052
15	Elk River	8,823,484
16	Andover	8,551,080
17	Fridley	8,474,906
18	Oakdale	8,264,922
19	Chanhassen	8,232,467
20	New Hope	8,030,505
21	Shoreview	7,339,295
22	Prior Lake	7,334,961
23	Ramsey	7,145,691
24	Crystal	7,072,537
25	New Brighton	6,715,765
26	Champlin	6,607,206
27	South St Paul	5,743,924
28	White Bear Lake	4,835,217
29	Chaska	3,533,554
Average		\$10,398,793
Shvw to Avg		-29.4%

2016		
Rank	City	Levy
1	Edina	\$31,228,163
2	Saint Louis Park	28,605,031
3	Apple Valley	23,122,289
4	Golden Valley	19,813,489
5	Maplewood	19,435,208
6	Richfield	18,820,830
7	Roseville	18,067,560
8	Inver Grove Heigh	18,022,415
9	Shakopee	17,372,168
10	Savage	16,209,474
11	Brooklyn Center	15,368,377
12	Cottage Grove	14,070,802
13	Hastings	12,510,918
14	Fridley	11,850,477
15	Farmington	11,718,024
16	Andover	11,407,812
17	Rosemount	11,039,335
18	Shoreview	10,667,859
19	New Hope	10,663,079
20	Oakdale	10,514,147
21	Chanhassen	10,176,834
22	Elk River	10,171,831
23	Prior Lake	9,993,642
24	Ramsey	9,971,354
25	Crystal	9,135,123
26	Champlin	8,798,276
27	Chaska	7,298,005
28	New Brighton	7,197,579
29	White Bear Lake	4,927,001
Average		\$14,075,072
Shvw to Avg		-24.2%



## State Aid

Shoreview receives no local government aid (LGA) to help support the cost of City services. The table below shows the total LGA received by each comparison city, as well as the amount of LGA per capita. The highest city (on a per capita basis) is Crystal at \$74.04 of LGA per capita. A majority of comparison cities receive at least some LGA.

City	Local Govt Aid (LGA)	LGA Per Capita
Crystal	\$ 1,691,895	\$ 74.04
White Bear Lake	\$ 1,542,738	\$ 62.18
Richfield	\$ 2,084,057	\$ 57.01
Brooklyn Center	\$ 1,534,125	\$ 49.71
Fridley	\$ 1,349,993	\$ 47.29
New Hope	\$ 616,161	\$ 29.03
Hastings	\$ 596,916	\$ 26.31
New Brighton	\$ 574,246	\$ 25.90
Chaska	\$ 510,076	\$ 19.92
Maplewood	\$ 659,001	\$ 16.58
Farmington	\$ 284,884	\$ 12.69
Golden Valley	\$ 252,446	\$ 11.70
Saint Louis Park	\$ 539,434	\$ 11.16
Elk River	\$ 265,960	\$ 11.09
Champlin	\$ 233,639	\$ 10.27
Oakdale	\$ 140,448	\$ 4.99
Ramsey	\$ 111,311	\$ 4.39
Cottage Grove	\$ 75,362	\$ 2.12
Andover	\$ 2,706	\$ 0.09
Edina	\$ -	\$ -
Apple Valley	\$ -	\$ -
Shakopee	\$ -	\$ -
Roseville	\$ -	\$ -
Inver Grove Heights	\$ -	\$ -
Savage	\$ -	\$ -
Shoreview	\$ -	\$ -
Chanhassen	\$ -	\$ -
Prior Lake	\$ -	\$ -
Rosemount	\$ -	\$ -

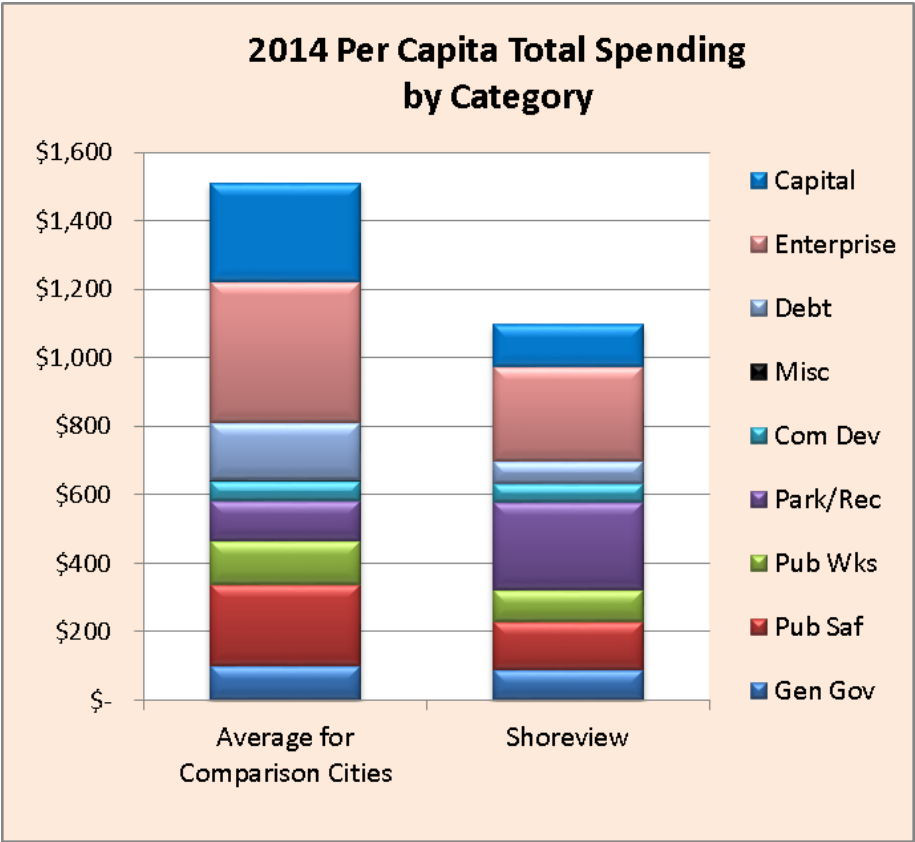
## Tax Rates

Tax rates provide a useful comparison because they measure both levies and values (the levy is divided by the taxable value to compute the tax rate). Shoreview's tax rate has remained relatively constant in the last 10 years, ranking 5th and 6th lowest in 2006 and 2016 respectively. For 2016, Shoreview is about 20% below the average tax rate of 44.01%.

2006			2016		
Rank	City	Tax Rate	Rank	City	Tax Rate
1	Hastings	50.01%	1	Brooklyn Center	71.78%
2	Brooklyn Center	46.93%	2	Hastings	63.58%
3	Savage	46.49%	3	Richfield	60.99%
4	Elk River	43.93%	4	Farmington	59.24%
5	Golden Valley	43.31%	5	New Hope	56.67%
6	New Hope	42.32%	6	Golden Valley	54.45%
7	Ramsey	39.62%	7	Crystal	51.83%
8	Richfield	39.23%	8	Savage	49.91%
9	Cottage Grove	37.84%	9	Inver Grove Heigh	49.45%
10	Crystal	36.75%	10	Maplewood	48.51%
11	St Louis Park	36.34%	11	Saint Louis Park	46.20%
12	Inver Grove Heigh	36.23%	12	Elk River	46.17%
13	Apple Valley	35.69%	13	Fridley	44.96%
14	South St Paul	35.00%	14	Apple Valley	44.72%
15	New Brighton	34.17%	15	Ramsey	43.32%
16	Champlin	32.64%	16	Rosemount	43.15%
17	Maplewood	32.10%	17	Cottage Grove	42.96%
18	Oakdale	32.01%	18	Champlin	42.75%
19	Fridley	32.00%	19	Oakdale	39.49%
20	Andover	31.68%	20	Roseville	39.32%
21	Prior Lake	31.24%	21	Andover	38.45%
22	Shakopee	30.97%	22	Shakopee	37.90%
23	Minnetonka	28.62%	23	New Brighton	36.20%
24	Chanhassen	26.62%	24	Shoreview	35.36%
25	Shoreview	23.97%	25	Prior Lake	31.95%
26	Roseville	23.21%	26	Edina	27.14%
27	Edina	22.61%	27	Chaska	26.00%
28	Chaska	19.66%	28	Chanhassen	24.23%
29	White Bear Lake	18.58%	29	White Bear Lake	19.69%
Average		34.13%	Average		44.01%
Shvw to Avg		-29.8%	Shvw to Avg		-19.7%

# Total Spending Per Capita

Data obtained from the OSA each year helps Shoreview compare total spending per capita. The graph below contrasts the average spending per capita in 2014 for comparison cities along side the per capita spending in Shoreview. Shoreview's total 2014 spending is about \$1,097 per capita, which is about 27% below the average of \$1,509.



## Spending Per Capita by Activity

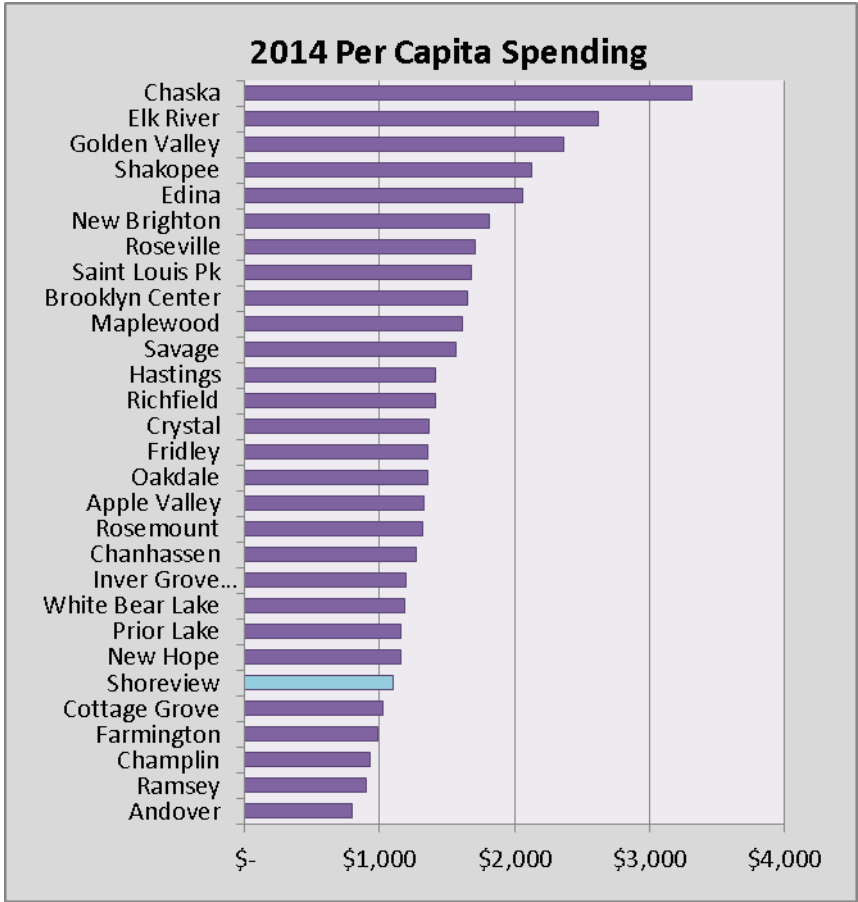
When reviewing spending in more detail, Shoreview is above average in parks and recreation, and below average for all other spending categories.

- Parks and recreation spending is higher in Shoreview due to the Community Center and Recreation Program operations (largely supported by user fees and memberships).
- Utility spending is slightly higher due to differences in how cities account for storm sewer and street light operations. For instance, some cities support these operations with property tax revenue.
- Public safety spending in Shoreview is second lowest for all comparison cities, at \$142.16 per capita, due to the efficiencies gained by contracting for both police and fire protection.
- Debt payments are 61% below average in Shoreview due to lower overall debt balances.

2014 Per Capita Spending	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
General government	\$ 100.27	\$ 88.37	\$ (11.90)	-11.9%
Public safety	238.81	142.16	(96.65)	-40.5%
Public works	124.57	92.01	(32.56)	-26.1%
Parks and recreation	119.34	254.48	135.14	113.2%
Commun devel/EDA/HRA/Housing	57.37	54.73	(2.64)	-4.6%
All other governmental	5.12	-	(5.12)	-100.0%
Water/sewer/storm/st lights	257.66	277.54	19.88	7.7%
Electric	122.68	-	(122.68)	-100.0%
All other enterprise operations	29.49	-	(29.49)	-100.0%
Debt payments	165.50	65.25	(100.25)	-60.6%
Capital outlay	288.25	122.22	(166.03)	-57.6%
Total All Funds	\$ 1,509.06	\$ 1,096.76	\$ (412.30)	-27.3%

The graph below shows total 2014 spending per capita (spending divided by population) for all comparison cities. Spending levels range from a high of \$3,316 in Chaska to a low of \$798 in Andover.

Shoreview ranks 6th lowest at \$1,097 per capita, and is 27% below the average of \$1,509.



## Revenue Per Capita by Source

Shoreview is below average for every revenue classification in 2014 except tax increment, franchise tax (utility & cable), local intergovernmental revenue (one-time reimbursements for street projects), charges for service, interest and traditional utility revenue. Recreation program fees and community center admissions and memberships cause Shoreview to collect charges for service revenue well above average. Shoreview is 4th lowest for special assessments.

2014 Per Capita Revenue	Average	Shoreview	Shoreview to Average	
			Dollars	Percent
Property tax	\$ 436.30	\$ 373.90	\$ (62.40)	-14.3%
Tax increment (TIF)	55.23	70.44	15.21	27.5%
Franchise tax	25.22	43.58	18.36	72.8%
Other tax	2.10	0.60	(1.50)	-71.5%
Special assessments	52.62	10.20	(42.42)	-80.6%
Licenses & permits	35.65	24.42	(11.23)	-31.5%
Federal (all combined)	12.00	0.05	(11.95)	-99.6%
State (all combined)	83.92	73.16	(10.76)	-12.8%
Local (all combined)	9.24	22.98	13.74	148.6%
Charges for service	143.36	246.05	102.69	71.6%
Fines & forfeits	7.72	1.92	(5.80)	-75.1%
Interest	22.40	30.62	8.22	36.7%
All other governmental	32.37	2.76	(29.61)	-91.5%
Water/sewer/storm/street lighting	258.51	331.86	73.35	28.4%
Electric enterprise	135.54	-	(135.54)	-100.0%
All other enterprise	35.92	-	(35.92)	-100.0%
Total Revenue per capita	\$ 1,348.12	\$ 1,232.54	\$ (115.58)	-8.6%

The combined results for property tax and special assessments is striking because Shoreview's long-term strategy for the replacement of streets shifts a greater burden for replacement costs to property taxes and utility fees, and away from special assessments. Shoreview's Comprehensive Infrastructure Replacement Policy states that "the City, as a whole, is primarily responsible for the payment of replacement and rehabilitation costs".

Shoreview's policy further states "the maximum cost to be assessed for any reconstruction and/or rehabilitation improvements is limited to the cost of added improvements", meaning property owners pay for an improvement only once via assessments. This practice is uncommon among comparison cities.

In order to achieve this result, Shoreview estimates replacement costs for a minimum of 40 years and identifies the resources (tax levies and user fees) necessary to support capital replacement costs well in advance. To comply with the policy requirements, Shoreview prepares an annual Comprehensive Infrastructure Replacement Plan (CHIRP).

This practice would seem to suggest that property taxes would be significantly higher in Shoreview to generate the resources needed to fund capital replacements, yet the tables and graphs provided on previous pages in this document illustrate that Shoreview remains not only competitive but ranks consistently lower than comparison cities.

- Shoreview's 2014 spending per capita ranks 6th lowest
- Shoreview's assessment collections per capita are 4th lowest among comparison cities
- Shoreview's share of the 2016 property tax bill, on a home valued at \$253,800, is 5th lowest
- Shoreview receives no state aid (LGA) to help pay for city services and reduce the property tax burden
- Shoreview's tax rate has remained stable and low in relation to comparison cities, ranking 6th and 5th lowest among comparison cities in 2016 and 2006 respectively.

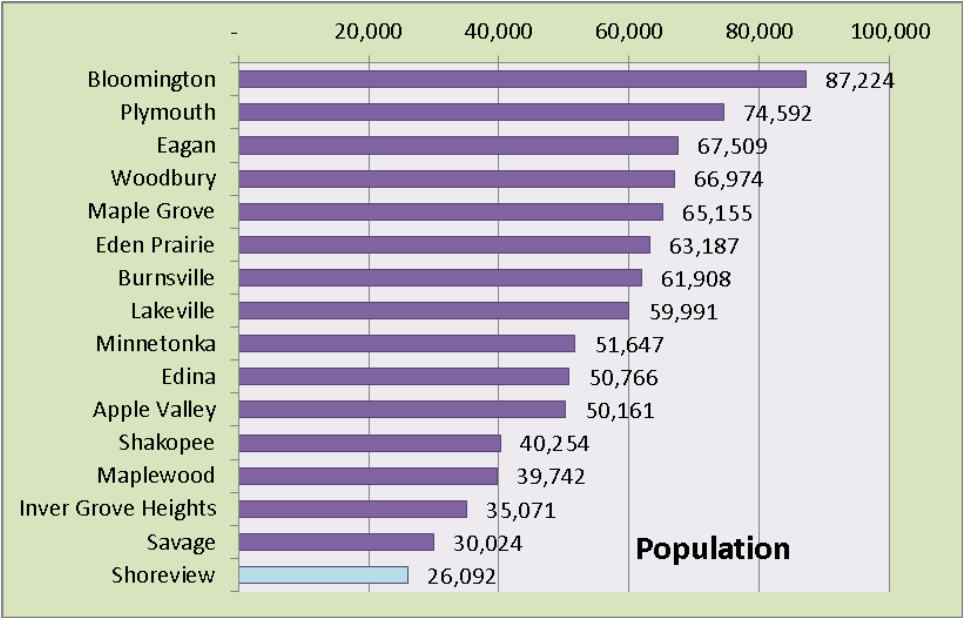
In short, Shoreview's long-term capital replacement planning has allowed the city to keep pace with replacement needs, and strongly limit the use of assessments while keeping property taxes lower than most comparison cities.



# Comparison to MLC Cities

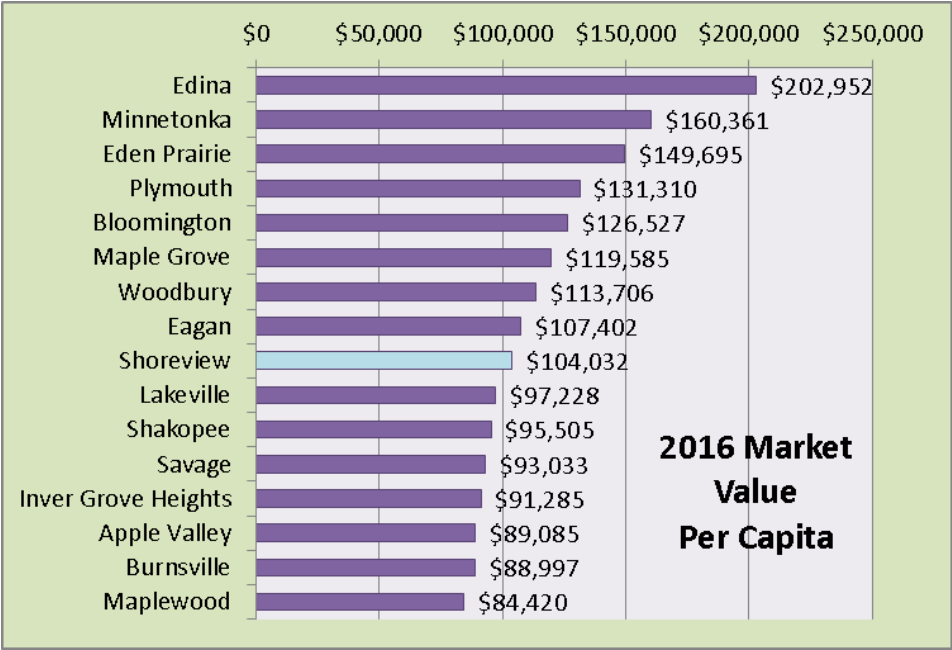
Comparisons for the 16 cities belonging to the Municipal Legislative Commission (MLC) provide an important comparison because these peer cities generally achieve high quality-of-life rankings from their residents in their respective community surveys, and are often recognized as having sound financial management (and many have AAA bond ratings, like Shoreview).

Shoreview has the smallest population in the group, and is roughly half the average for the group.



Market Value comparisons are most useful when viewed on a per capita basis, because the geographic size and total market value of each community can vary greatly. For instance, Bloomington has the highest total market value at \$11.04 billion followed by Edina with total market value of \$10.30 billion. Once the value is divided by population, Edina ranks highest at \$202,952 of value per resident, while Bloomington ranks 5th at \$126,527.

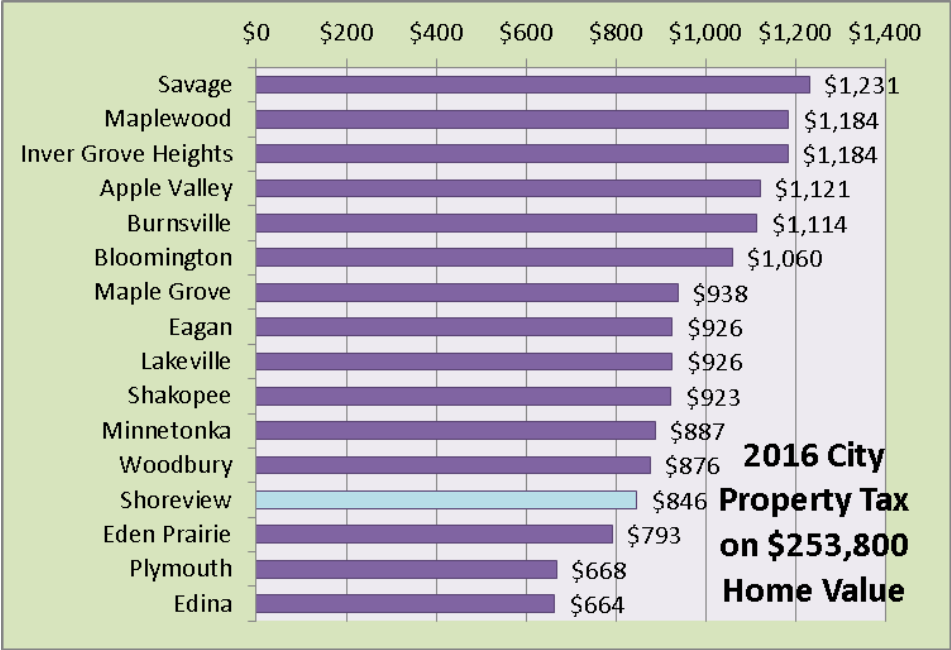
The graph below presents market value per capita for each MLC city. Shoreview is near the middle of the group at \$104,032 (about 10.3% below the average of \$115,945).



Property Tax by Governmental Unit comparisons are perhaps the most revealing because taxes are compared for each type of governmental unit (i.e. city, county, school district and special districts).

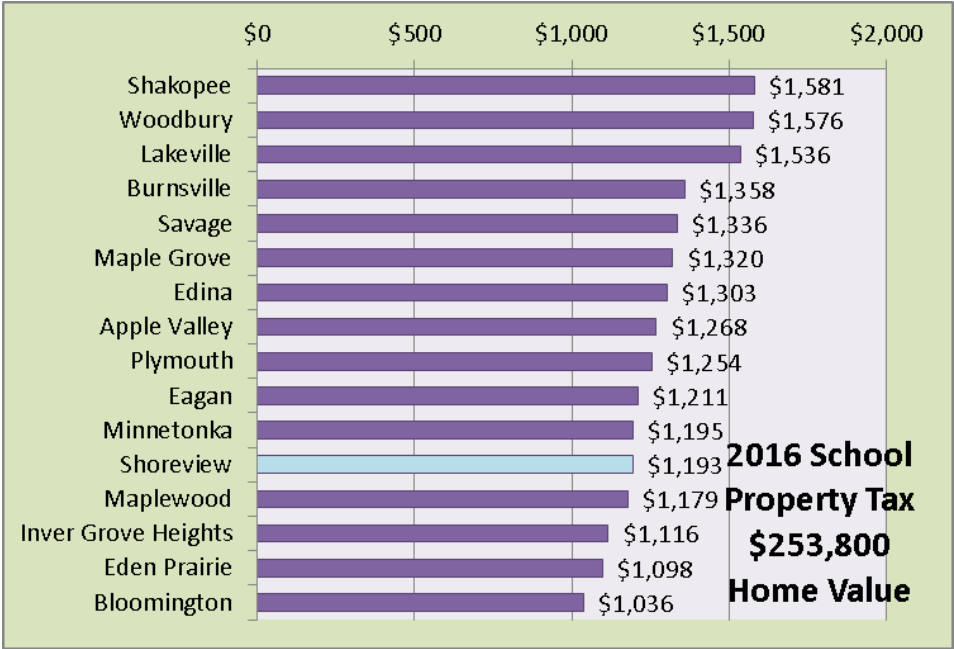
The next 5 graphs compare property taxes by the type of taxing jurisdiction, starting with the city share of the tax bill.

City taxes are presented below for a home valued at \$253,800 (Shoreview’s median value). Shoreview ranks 4th lowest at \$846, compared to a high of \$1,231 in Savage, and a low of \$664 in Edina. The average City tax for MLC cities is \$959.



School District property taxes are presented in the table below. It should be noted that the estimate for Shoreview assumes that the property is located in the Mounds View school district. Since MLC cities are located throughout the metro area, this illustration provides a comparison for a variety of school districts.

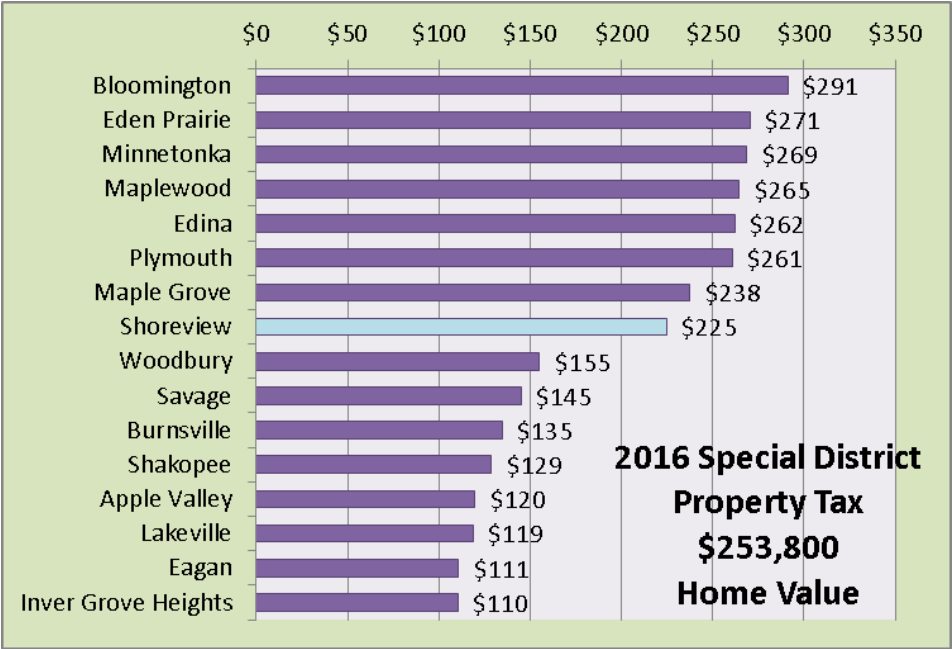
Property taxes in the Mounds View school district rank about 7.1% below the MLC city average.



Special Districts also vary throughout the metro area, depending on the watershed districts and local housing districts in each City. In Shoreview, special districts include the Regional Rail Authority, Metropolitan Council, Mosquito Control, Rice Creek Watershed and the Shoreview HRA. The special district tax bill in Shoreview breaks down as follows:

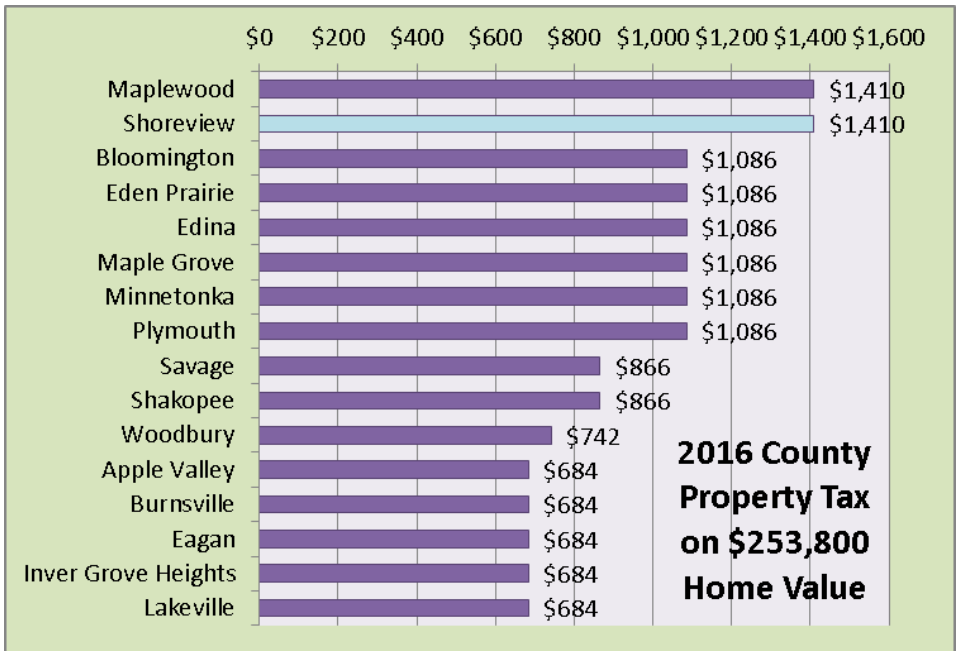
Regional Rail	\$ 98
Metropolitan Council	57
Mosquito Control	11
Rice Creek Watershed	51
Shoreview HRA	<u>8</u>
Total Special District Tax	\$225

The graph below presents an estimate for combined special district property taxes in each City. In Shoreview, the combined tax for these districts ranks 16% above the average of \$194.

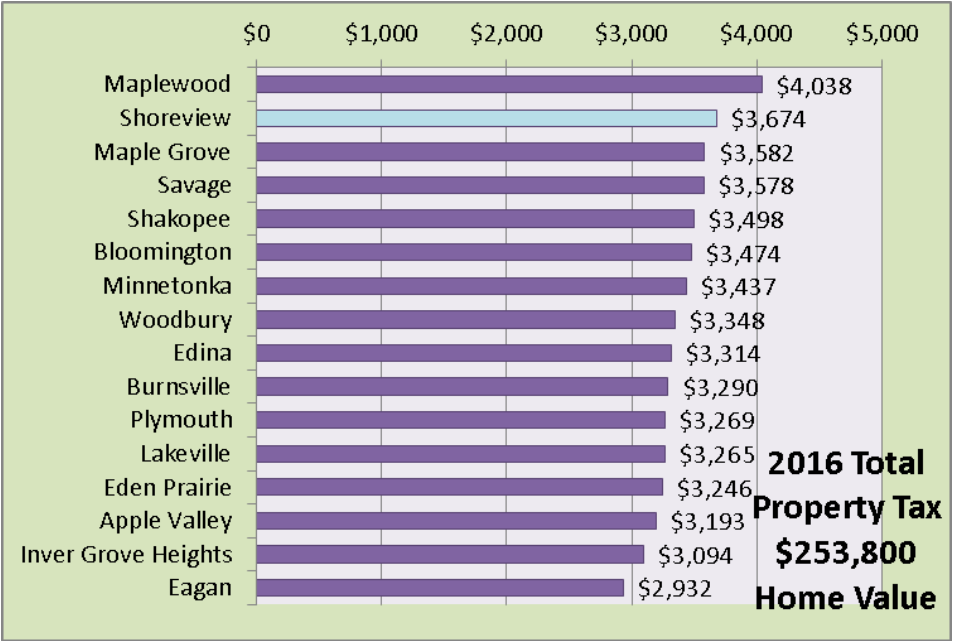


County property taxes vary greatly among MLC cities.

- Ramsey County taxes are \$1,410, the highest for MLC cities. Cities in Ramsey County include Maplewood and Shoreview.
- Hennepin County cities are \$1,086, second highest for MLC cities (including the cities of Bloomington, Eden Prairie, Edina, Maple Grove, Minnetonka and Plymouth).
- Scott County taxes are \$866 (including the cities of Savage and Shakopee).
- Washington County taxes are \$742 (Woodbury).
- Dakota County is lowest at \$684 (including the cities of Apple Valley, Burnsville, Eagan, Inver Grove Heights and Lakeville).



Total taxes in Shoreview (for all taxing jurisdictions combined) rank 2nd highest among MLC cities (see graph below).



To further put the difference into perspective, the table below provides a side-by-side comparison of the total tax bill in Shoreview compared to the total tax bill in Eagan (the lowest MLC city). For the same value home, county property taxes are \$726 higher in Shoreview, school district taxes are \$18 lower, special district taxes are \$114 higher and City taxes are \$80 lower.

Jurisdiction	Shoreview		Eagan		Difference
County	\$	1,410	\$	684	\$ 726
School District		1,193		1,211	(18)
City		846		926	(80)
Special Districts		225		111	114
Total	\$	3,674	\$	2,932	\$ 742



## Summary

Additional information on the City's budget, tax levy and utility rates will be made available in late November on the City's website and at city hall through two other informational booklets:

- Budget Summary
- Utility Operations

The budget hearing on the City's 2017 Budget is scheduled for December 5, 2016 at 7:00 p.m., in conjunction with the first regular Council meeting in December.

Adoption of the final tax levy, budget, capital improvement program and utility rates is scheduled for December 19, 2016 (the second regular Council meeting in December).

This document was prepared by the City's finance department.



## **Memorandum**

Date: November 8, 2016

To: Mayor and City Council

From: Laurie Elliott, Human Resources Director

Re: Establishment of Paid Parental Leave Policy

### **Background**

Under federal and state law, eligible employees (male and female) are entitled to take up to twelve weeks of leave for the birth or adoption of a child. During that period, employee's jobs are protected and they continue to receive employer paid health benefits. However, there is no legal requirement that employees be paid during this leave.

Childbirth and adoption can take a significant financial and emotional toll on working parents, and thereby can impair their ability to serve the public. Paid maternity leave can reduce the risk of infant mortality and increase the likelihood of infants receiving well-baby care and vaccinations. Fathers who take time off from work around childbirth are likely to spend more time with their children in the months following their children's birth, which could reduce stress on the family and contribute to father-infant bonding. Paid leave programs benefit children and families.

Providing paid parental leave may help attract and retain employees, and may reduce employee turnover. It also supports Shoreview's commitment to being a progressive employer of choice.

### **Discussion**

In most cases, employee's who are new parents have very little annual leave available due to being younger and/or newer employees. Using annual leave significantly drains their leave bank, leaving little or no paid time available after they return to work.

For an employee who is the birthing mother, they qualify for our short-term disability program (STD), which pays 66-2/3's wages for weeks 4 - 6 following a standard delivery, and weeks 4 - 8 following a cesarean delivery. Weeks 1 - 3 are the STD waiting period. The waiting period and the weeks following the STD benefits, are either unpaid or the employee can use available annual leave.

Staff has drafted a Paid Parental Leave policy to cover the three week Short-term Disability waiting period to financially assist new parents. This is comparable to the few other cities in the metro area that have adopted a Paid Parental Leave program. It would apply to both mothers and fathers.

Other policy highlights include that the employee must have been employed by the City for at least one year; Paid Parental Leave is 100% of the employee's normal base wage; the leave begins on the date of birth or placement for adoption; and the program does not apply to sperm or egg donors.

### **Financial Considerations**

Employee wages are budgeted as year-round position, so a Paid Parental Leave program would not require additional funds to be set aside for this program. It is anticipated that 1 - 2 employees would use this program each year. The average cost per leave would be approximately \$3500.

**Policy:** PAID PARENTAL LEAVE

**Section:** 8.37

**Approved by:** City Manager

**Page:** 1 of 3

**Effective Date:** 1/1/17

**Policy**

The City of Shoreview will provide up to 21 calendar days of Paid Parental Leave to eligible employees due to the birth of an employee's child or the placement within the employee's home of an adopted child. An eligible parent is defined as a biological parent or an adoptive parent, regardless of gender. This policy is separate and distinct from any other City benefit.

**Eligibility**

To be eligible for leave under this policy an employee must meet the following criteria:

- 1) Be a Regular employee who has been employed by the City for at least one continuous year. See Handbook Section 3.10 for the definition of a Regular employee.
- 2) Has worked at least 20 hours per week for a minimum of one continuous year.

Surrogate mothers and sperm or egg donors are excluded from coverage under this policy. If both parents are eligible employees, each will be able to utilize Paid Parental Leave according to the provisions of this policy. Paid Parental Leave is not available for foster care placement.

**Time Granted**

Regular full-time employees will receive 21 calendar days of Paid Parental Leave per birth or adoption. Regular part-time employees will receive pro-rated Paid Parental Leave based on their budgeted FTE (full-time equivalent) at the time of the birth or adoption. The 21 calendar days will begin on the date of the birth or placement for adoption.

The amount of Paid Parental Leave does not increase due to the birth/adoption of multiples (i.e., twins, triplets). Medical conditions and/or other circumstance will not increase the length of paid leave granted. There is not a limit to the number of times an employee can use Paid Parental Leave.

Unpaid Parenting Leave will also be provided to eligible employees in accordance with the MN Parenting Leave Act (See Section 8.35).

**Policy:** PAID PARENTAL LEAVE

**Section:** 8.37

**Approved by:** City Manager

**Page:** 2 of 3

**Payment Amount** Paid Parental Leave begins on the date of birth or placement for adoption.

The Paid Parental Leave benefit is 100% of the employee's regular base wage. It does not include overtime, supplemental pay, and/or any other additional pay. The paid leave is for all regularly scheduled workdays/hours during the 21 calendar day period, not to exceed 120 hours total for Regular full-time employees; and not to exceed the FTE work days/hours for a Regular part-time employee during the 21 calendar day period.

For the purpose of this benefit, a holiday will be counted as a regular work day and will be included in the 21 calendar day count.

Any unused Paid Parental Leave at the end of the 21 calendar day period will be forfeited.

If an employee separates from employment with the City during the 21 calendar day period, they will only receive Paid Parental Leave until their last day of employment.

**Employee  
Responsibilities**

- 1) Notify your supervisor a minimum of 30 days in advance of the expected delivery or adoption to assist your supervisor in workforce planning prior to your absence.
- 2) Submit proof of birth or adoption if requested by the City. For birth, documentation verifying the baby's date of birth must include the employee's name. For adoption, proof that a petition for adoption has been filed with the court.
- 3) In addition to requesting Paid Parental Leave, you may wish to contact Human Resources to request FMLA (Family Medical Leave) paperwork at least 30 days prior to the anticipated leave date. If a 30 day notice is not possible, then notify Human Resources as soon as practical. (See Section 8.30)
- 4) A fraudulent request for Paid Parental Leave is grounds for discipline up to and including termination from employment.

**Policy:** PAID PARENTAL LEAVE

**Section:** 8.37

**Approved by:** City Manager

**Page:** 3 of 3

**Affect on Benefits** The City benefit contribution and annual leave accrual will continue during Paid Parental Leave. The employee's share of premiums will be deducted from the employee's pay in accordance with normal practices.

For birthing parents, Paid Parental Leave will run concurrently with FMLA (See Section 8.30), MN Parenting Leave (See Section 8.35), and Short-term Disability coverage (See Section 7.05), if applicable. For non-birthing parents, Paid Parental Leave will run concurrently with FMLA (See Section 8.30) and MN Parenting Leave (See Section 8.35), if applicable. Paid Parental Leave does not extend the length of these leaves or programs.

**TO:** Mayor and City Council

**FROM:** Rebecca Olson, Assistant to the City Manager

**DATE:** November 14, 2016

**SUBJECT:** Government Alliance on Race and Equity Learning Cohort

## **INTRODUCTION**

The City of Shoreview strives to have a diverse and inclusive workforce and engage a diverse view of the community in boards and commissions and throughout the community. The city's commitment to inclusiveness is fundamental in providing a welcoming environment and excellent service to our community, which is effective to persons of all cultures, genders, ideology and backgrounds.

About 14 percent of the 25,000 residents of Shoreview are of color. The biggest racial and ethnic groups are Asian, African American and Hispanic. A culturally competent staff that is aware of the ways implicit bias can lead to inequities and disproportionate treatment and services is a benefit to both our community and city staff.

Government is uniquely positioned to play a key role in addressing racial inequity. Local and regional government has the ability to implement policy change at multiple levels to drive larger systemic change.

## **BACKGROUND**

Local and regional governments across the country and in Minnesota have begun to evaluate the delivery of municipal services in light of disparate impacts on communities of color. This is partly in reaction to high profile tragic interactions between law enforcement and communities of color; but it is also based in the growing realization that usual methods of delivery for other municipal services like parks, public works, and code enforcement, can also have disparate impacts, even if unintended.

The work around racial equity for local governments, both in Minnesota and around the country, has been taking many forms. The effort is based in belief that, despite the serious and tragic outcomes that make the news, careful analysis and well-designed changes to service delivery can make a difference.

One of the regional and cross-jurisdictional efforts taking place over the past couple of years is the Local and Regional Government Alliance on Race and Equity or GARE. GARE is a cohort

model program that was developed by Julie Nelson and Glenn Harris (both formerly with the Seattle, Washington Office of Civil Rights), and John Powell, former law professor at the U of M and now with the Hass Institute for a Fair and Inclusive Society at the University of California – Berkley.

According to their website, GARE is a national network of government organizations working to achieve racial equity and advance opportunities for all. The Alliance provides a multi-layered approach for maximum impact to leverage and expand current efforts. One of the issues that many governmental organizations face is the lack of infrastructure, tools, research and resources that are needed to address issues of racial inequity. GARE provides these foundational basics as well as creates a pathway for increased engagement, while supporting and building regional collaborations and partnerships.

In January, GARE will be launching a new cohort of governmental jurisdictions that are systemically focusing on advancing racial equity. Participating jurisdictions will make a one-year commitment to attend monthly meetings and complete the action steps between sessions (further described on the attachment). Some of the sessions are full-day sessions, and some are half-day session. Each participating jurisdiction will receive tools and resources, including:

- A racial equity training curriculum, with cohort participants who are equipped to implement the training with other employees;
- A Racial Equity Tool to be used in policy, practice, program and budget decisions;
- A capacity building plan and organizational structure to institutionalize equity
- Example policies and practices that help advance racial equity; and
- A Racial Equity Action Plan template that teams will use to develop their own jurisdiction-specific plan.

The structure of the program will consist of monthly sessions, with a quarterly rotation between 1) skill building and strategy development, 2) an “*Advancing Racial Equity*” speaker series, and 3) peer-to-peer networking and problem solving. Each participating jurisdiction will identify a team of people to participate in the entire series.

Several Minnesota municipalities and governmental organizations have already undertaken work with GARE and participated in the 2016 cohort. These include:

Bloomington  
Brooklyn Center  
Brooklyn Park  
Duluth  
Hopkins  
Mankato  
Maplewood

Minneapolis  
Ramsey County  
Red Wing  
St. Louis Park  
State of MN departments  
Woodbury

As part of the cohort, these jurisdictions came away with some very tangible benefits from participation such as:

- Creation of racial equity training programs for staff
- Training programs designed to address implicit bias for staff
- Partnership with Wilder Research for a Qualitative Assessment to evaluate effectiveness of racial equity efforts
- Inclusion of racial equity in city strategic goals
- Departmental work plans that take into consideration racial equity
- Neighborhood-based events that help connect residents to break down barriers and build connections.
- Examination & revisions of city policies and procedures that may inadvertently have a disparate impact
- Hosted Community Conversations throughout the city

The total cost to participate in the cohort for 2017 depends on the number of members on the city's team. Since this is the first year the City of Shoreview would be participating, we would fall under the 'Introductory Cohort' category.

	5-9 participants	10-14 participants	15-20 participants
Introductory Cohort	\$8,000	\$12,000	\$15,000
Advanced Cohort	\$2,500	\$3,000	\$5,000

The training fees include a total of 66 hours of training, materials, meetings, meals and technical assistance. The curriculum and dates are included in the attachment. The 2017 participants are encouraged to join the Class of 2016 at their event in December to get a sense of the learning year and strengthen continuity between the two years. The program would then run from December, 2016 through December 2017.

## **RECOMMENDATION**

Review the proposal by the Government Alliance on Race and Equity and provide feedback on participation for 2017.